Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

PAGE 01 STATE 202748

42
ORIGIN NODS-00

INFO OCT-01 ISO-00 (ISO) R

66609
DRAFTED BY: IO:RCREIS
APPROVED BY: IO:RCREIS
S/S MR ORTIZ
---------- 093128
O 261800Z AUG 75 ZFF4
FM SECSTATE WASHDC
TO USMISSION USUN NEW YORK IMMEDIATE

C O N F I D E N T I A L STATE 202748

NODIS

FOLLOWING REPEAT JERUSALEM 1371 SENT ACTION SECSTATE DTD
25 AUG 75
QUOTE:

C O N F I D E N T I A L JERSSALEM 1371

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)
FROM LORD AND RODMAN

E.O. 11652: GDS
TAGS: PFOR, ENG, UNGA
SUBJECT: SECRETARY'S UNGA SPEECH: ECONOMIC GROWTH SECTION

HEREWITH ACCELERATING ECONOMIC GROWTH SECTION FOR YOUR CONSIDERATION. PLEASE TRY TO TIGHTEN, ADD LIFT, AND RESPOND TO SECRETARY'S QUERIES.

BEGIN TEXT. ACCELERATING ECONOMIC GROWTH

1. IT IS NOT ENOUGH TO ENSURE THE MINIMAL ECONOMIC SECURITY OF THE DEVELOPING COUNTRIES. THE ROAD OF DEVELOPMENT IS THE ROAD OF ACCELERATING GROWTH, CONFIDENTIAL

PAGE 02 STATE 202748

GREATER PRODUCTIVITY, HIGHER LIVING STANDARDS, AND SOCIAL TRANSFORMATION.

2. THIS PROCESS REQUIRES THE INFUSION OF CAPITAL, TECHNOLOGY, AND SKILLS ON A MASSIVE SCALE. LOCAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

EFFORT WILL HAVE TO PROVIDE MOST OF THE RESOURCES, THE ORGANIZATION, AND THE DEDICATION. BUT INTER-NATIONAL SUPPORT IS INDISPENSIBLE. FOR EVEN A MODERATE ACCELERATION OF RECENT GROWTH RATES, DEVELOPING COUNTRIES WILL NEED SOME $40 BILLION A YEAR IN OUTSIDE CAPITAL BY 1980. AND THE NEED FOR TECHNOLOGICAL INNOVATION, THOUGH IMPOSSIBLE TO QUANTIFY IS SIMILARLY GREAT.

3. HOW CAN THESE NEEDS FOR CAPITAL, TECHNOLOGY -- AND THE SKILLS TO APPLY THEM -- BE MET?

4. GOVERNMENTAL CONCESSIONAL ASSISTANCE FROM THE RICHER COUNTRIES IS ONE IMPORTANT SOURCE. THE INDUSTRIAL COUNTRIES TOGETHER NOW PROVIDE SOME $(BLANK) BILLION IN BILATERAL AID. (FILL IN THE BLANK.) THIS MUST CONTINUE, BUT REALISTICALLY WE CANNOT EXPECT IT TO GROW SIGNIFICANTLY OVER THE COMING YEARS. THE LIMITED CONCESSIONAL FUNDS AVAILABLE WILL BE LARGELY ABSORBED BY THE NEEDS OF THE POOREST COUNTRIES. SUPPORT FOR BILATERAL AID HAS ERODED IN BOTH INDUSTRIAL AND DEVELOPING COUNTRIES -- IN INDUSTRIAL COUNTRIES PARTLY BECAUSE OF THE RECENT ECONOMIC SLOWDOWN PARTLY INDUCED BY THE ENERGY PROBLEM. CLEARLY, THERE CANNOT BE ACCELERATED GROWTH IN THE DEVELOPING NATIONS EXCEPT IN A CLIMATE OF WORLDWIDE ECONOMIC EXPANSION.

5. A PARTICULAR NEW BURDEN ON GROWTH IN DEVELOPING COUNTRIES IS THE RISE IN THE COST OF FUEL, WHICH IS THE MOST CRITICAL FACTOR IN INDUSTRIAL AND AGRICULTURAL PRODUCTIVITY. THIS HAS MEANT HIGH COSTS IN TRANSPORTATION, ELECTRIC POWER, AND ENERGY-INTENSIVE MANUFACTURED GOODS. AND THE MOST SEVERE IMPACT IS ON AGRICULTURE, WHERE IT MEANS MUCH HIGHER FERTILIZER PRICES AND SLOWER MECHANIZATION. THE WORLD BANK HAS ESTIMATED THAT FOR EACH $1 INCREASE IN THE PRICE OF OIL, THE COST OF THE ENERGY NEEDS OF CONFIDENTIAL

DEVELOPING COUNTRIES INCREASED BY $(BLANK) BILLION. (FILL IN THE BLANK). THEREFORE THERE MUST BE RESTRAINT AND A FURTHER MORATORIUM ON NEW OIL PRICE RISES. AND SOME PORTION OF NEEDED AID TO DEVELOPING COUNTRIES SHOULD COME FROM THE OIL EXPORTERS THEMSELVES. LAST YEAR THEY PROVIDED $3BILLION IN BILATERAL ASSISTANCE; THE FIGURE MAY RISE THIS YEAR.

6. NEVERTHELESS, EVEN TOGETHER, THE INDUSTRIAL NATIONS AND THE OIL EXPORTERS CANNOT SUPPLY ALL THE NEW FUNDS THAT ARE NEEDED TO ACCELERATE GROWTH THROUGHOUT THE DEVELOPING WORLD. IT FOLLOWS INESCAPABLY THAT THE REMAINING NEEDS FOR CAPITAL AND TECHNOLOGY CAN ONLY BE MET, DIRECTLY OR INDIRECTLY, THROUGH PRIVATE COMMERCIAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

CHANNELS, AND THIS INVESTMENT WILL TAKE PALCE ONLY IF
IT IS IN THE INTERESTS OF BOTH DEVELOPING AND DEVELOPED
COUNTRIES.

7. THE UNITED STATES URGES, THEREFORE, THAT THE WORLD
COMMUNITY TAKE NEW STEPS TO INCREASE THE AVAILABILITY AND
QUALITY OF NEEDED CAPITAL FOR DEVELOPMENT, ON A LARGE
SCALE:

-- FIRST, WE MUST IMPROVE DEVELOPING COUNTRIES' ACCESS
TO INTERNATIONAL CAPITAL INSTITUTIONS AND MARKETS.

-- SECONDLY, WE MUST ENABLE THEM TO OBTAIN NEW
TECHNOLOGY AND ADAPT IT TO THEIR NEEDS, TO BUILD A BASE
FOR INDUSTRIALIZATION OR TO IMPROVE AGRICULTURAL
PRODUCTIVITY.

-- THIRDLY, WE MUST NOW ACHEIVE AN INTERNATIONAL CONSENSUS
ON THE PRINCIPLES BY WHICH MULTINATIONAL ENTERPRISES CAN
OPERATE PRODUCTIVELY, IN THE INTEREST OF THE HOST
COUNTRY AND IN THE INTEREST OF THE GLOBAL ECONOMY.

8. FIRST, ACCESS TO CAPITAL MARKETS.

9. MOST OF THE CAPITAL FOR DEVELOPMENT MUST COME FROM
THE DEVELOPED WORLD. THE WORLD BANK AND THE REGIONAL
DEVELOPMENT BANKS ALREADY BORROW EXTENSIVELY IN PRIVATE
CONFIDENTIAL

CAPITAL MARKETS TO LEND TO THEIR CLIENTS. THE UNITED
STATES SUPPORTS THE CONTINUED EXPANSION OF THE WORLD
BANK AND REGIONAL DEVELOPMENT BANK PROGRAMS. WE ARE
HEARTENED THAT TEN EUROPEAN COUNTRIES PLUS JAPAN AND ISRAEL
WILL JOIN US SHORTLY IN A $6 BILLION EXPANSION OF THE
RESOURCES OF THE INTER-AMERICAN DEVELOPMENT BANK.
WE WILL PROPOSE TO THE CONGRESS A SUBSTANTIAL CONTRIBUTION
TO REPLENISHMENT OF THE ASIAN BANK, AND WE ARE URGING
CONGRESSIONAL AUTHORIZATION TO JOIN THE AFRICAN
DEVELOPMENT BANK.

10. OUT A MOST FRUITFUL COURSE WILL BE TO ENHANCE THE
MORE DIRECT ACCESS OF DEVELOPING COUNTRIES TO PRIVATE
CAPITAL MARKETS.

11. UP TO NOW, DEVELOPING COUNTRIES HAVE SUCCESSFULLY
RAISED DIRECTLY CLOSE TO $10 BILLION ANNUALLY IN
INTERNATIONAL MARKETS. THOSE THAT ARE MOST SUCCESSFUL IN
THEIR DEVELOPMENT EFFORTS AND THAT NO LONGER REQUIRE
CONCESSIONAL AID, ESPECIALLY IN ASIA AND LATIN AMERICA,
RELY HEAVILY ON THIS SOURCE OF FUNDS. BUT THEIR FUTURE
ACCESS IS NOT ASSURED. THEY TEND TO BE RESIDUAL BORROWERS,
LAST IN AND FIRST OUT; THEY SUFFER MOST FROM SHORTAGES OF

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

LOAN FUNDS; THE CONDITIONS OF LENDING OFTEN MAKE IT
LEAST AVAILABLE WHEN IT IS MOST NEEDED.

12. THE BASIC DIMENSIONS OF CREDITWORTHINESS -- THE
ABILITY OF A DEVELOPING COUNTRY TO USE CAPITAL PRODUCTIVELY --
CANNOT BE INFLUENCED FROM OUTSIDE. BUT WE CAN AND MUST
MAKE SURE THAT THE CAPITAL MARKETS RESPOND READILY TO
THE OPPORTUNITIES OFFERED FOR PRODUCTIVE INVESTMENT.

13. THE UNITED STATES THEREFORE PROPOSES THE CREATION
ON AN INTERNATIONAL INVESTMENT TRUST, TO BE MANAGED
BY THE INTERNATIONAL FINANCE CORPORATION.
-- THE TRUST WOULD INVEST IN THE DEBT AND EQUITY OF
THE NATIONAL AND INTERNATIONAL DEVELOPMENT BANKS AND
THE PRIVATE, PUBLIC AND MIXED ENTERPRISES OF DEVELOPING
COUNTRIES.
-- IT WOULD DRAW ITS CAPITAL FROM THE IFC, THE INDUSTRIAL
COUNTRIES, THE OIL EXPORTING COUNTRIES, THE DEVELOPING
CONFIDENTIAL

PAGE 05 STATE 202748

COUNTRIES THEMSELVES, AND FROM PRIVATE PARTICIPATIONS
BORROWED AGAINST ITS OFFICIAL CAPITAL.
--FIRST YEAR OFFICIAL CAPITAL, INCLUDING THE CONTRIBUTION
OF THE IFC, WOULD BE $250 MILLION. (SOUNDS SO PIDDLING,
ISN'T IT BETTER NOT TO MENTION IT?) IF IT SUCCEEDS
IN ITS FIRST YEAR, THE UNITES STATES WOULD FAVOR ITS
RAPID EXPANSION AND WOULD BE PREAPRED TO SEEK SUBSTAINTIAL
NEW CAPITAL SUBSCRIPTIONS.

14. THIS NEW INSTITUTION WOULD BE A NEW AND POWERFUL
LINK BETWEEN THE DEVEOPING COUNTRIES AND THE CAPITAL
MARKETS ON WHICH THEIR GROWTH DEPENDS. (QUERY: HOW?
WHY IS IT MORE "DIRECT" THAN THE BANKS?)

15. THE DEVEOPMENT COMMITTEE OF THE IMF IS EXPLORING
WAYS TO ENANCE THE DEVELOPING COUNTRIES* OPPORTUNITIES
TO COMPETE MORE EFFECTIVELY DIRECTLY IN THE PRIVATE
CAPITAL MARKETS. THE UNITED STATES STRONLY ADVOCATES
FURTHER PROGRESS IN THIS AREA. (EXPLAIN.)

16. A SECOND KEY TO LONG TERM GROWTH IS NEW TECHNOLOGY.
FOR DEVEOOPMENT REQUIRES NOT ONLY NEW FUNDS BUT NEW
TECHNIQUES OF PRODUCTION, IN BOTH INDUSTRY AND
AGRICULTURE. DEVELOPING COUNTRIES' NEEDS FOR NEW
TECHNOLOGY ARE UNLIMITED. YET THE INSTRUMENTS FOR ITS
TRANSFER ARE LIMITED, AND SELDOM AT THE SOLE COMMAND
OF NATIONAL GOVERNMENTS. NEW MEANS MUST BE DEVISED.
IN OUR VIEW THE FOLLOWING AREAS ARE MOST PROMISING FOR
PROGRESS: (NOTE: WE OFFER ONLY AGRICULTURE AND ENERGY.
THERE SHOULD BE ONE PROPOSAL FOR GENERAL TECHNOLOGICAL
HELP.)

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

17. FIRST, NEW TECHNIQUES TO EXPAND FOOD PRODUCTION AND IMPROVE NUTRITION. A NUMBER OF REGIONAL RESEARCH CENTERS HAVE BEEN ESTABLISHED UNDER THE CONSULTATIVE GROUP FOR INTERNATIONAL AGRICULTURAL RESEARCH. WE URGE EXPANDING THEIR PROGRAMS, IN COLLABORATION WITH NATIONAL RESEARCH INSTITUTIONS, ON TRAINING AND RESEARCH. IN ADAPTING AGRICULTURAL TECHNIQUES TO LOACL CLIMATE, SOIL, AND AVAILABILITY OF RESOURCES. (QUERY: IS THIS TECHNOLOGY TRANSFER?) LET US BUILD THESE CENTERS CONFIDENTIAL

INTO A COMPLETE INTERNATIONAL NETWORK FOR BASIC AND APPLIED RESEARCH AND BRING ABOUT A WORLDWIDE REVOLUTION IN FARM TECHNOLOGY. ALREADY SOME EPOLE AND $(BLANK) MILLION ARE INVOLVED. OVER THE NEXT DECADE WE SHOULD BRING THIS TO (BLANK) PEOPLE AND $(BLANK) MILLION. THE UNITED STATES IS ALREADY PROVIDING PERSONNEL AND RESOURCES FOR ONE (BLANK) OF THIS EFFORT. WE WILL CONTINUE TO PROVIDE A MAJOR CONTRIBUTION. (FILL IN THE BLANKS -- IF THE SIMS ARE SIGNIFICCANT.)

18. OTHER AGRICULTURAL AND FORESTRY PRODUCTS ARE ANOTHER FIELD FOR TECHNOLOGICAL IMPROVEMENT. THE EXPORT EARNINGS OF MANY OF THE POOREST COUNTRIES, AND THE LIVELIHOOD OF MANY MILLIONS OF THEIR PEOPLE, DEPEND ON SUCH PRODUCTS AS JUTEHMN COTTON, AND NATURAL RUBBER, WHICH HAVE ENCOUNTERED SERIOUS MARKET PROBLEMS AND ARE THREATENED BY SYNTHETICS. THESE COUNTRIES URGENTLY NEED TO IMPROVE THE PRODUCTIVITY AND MAREKTABILITY OF THESE PRODUCTS AND TO DIVERSIFY THEIR ECONOMIES. THE UNITED STATES THEREFORE PROPOSES CREATION OF A CONSULTATIVE GROUP ON NON-EDIBLE AGRICULTURAL PRODUCTS TO COORDINATE INTERNATIONAL ASSISTANCE TO RESEARCH IN THIS AREA. WE PROPOSE THAT WITHIN A YEAR THERE BE (BLANK) PERSONNEL AND $(BLANK) MILLION DEVOTED TO THIS PROJECT. (AGAIN, MENTION FIGURES ONLY IF SIGNIFICANT.) THE UNITED STATES WILL JOIN OTHERS IN STAFFING AND FUNDING THIS EFFORT.

19. A THIRD AREA FOR SPECIAL AND URGENT TECHNOLOGICAL NEED FOR MANY DEVELOPING COUNTRIES IS ENERGY -- A CENTRAL INGREDIENT IN BOTH THEIR INDUSTRIALIZATION AND AGRICULTURE. THE INDUSTRIAL NATIONS, IN RESPONSE TO THE OIL EMBARGO AND PRICE RISES OF 1973, HAVE MADE INVESTMENT IN NEW AND ALTERNATIVE ENERGY SOURCES A MAJOR NATIONAL PRIORITY. THE UNITED STATES HAS BEGUN TO EXPLORE OR EXPLOIT PRESENTLY INACCESSIBLE OR LOW-GRADE RESOURCES AND INCREASED USE OF SOLAR AND NUCLEAR ENERGY. NOW:

-- THE UNITED STATES IS PREPARED TO SHARE THESE NEW TECHNOLOGIES WITH DEVELOPING NATIONS WHICH DESIRE OUR HELP AND ARE HARDEST HIT BY THE ENERGY CRISIS.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

-- AN INTERNATIONAL ENERGY INSTITUTE, COMPRISED OF BOTH DEVELOPED AND DEVELOPING NATIONS, COULD BE CREATED TO COORDINATE ALL EFFORTS IN THE TRANSFER OF ENERGY TECHNOLOGY. ALTERNATIVELY, A NETWORK OF REGIONAL ENERGY TECHNOLOGY CENTERS COULD BE ESTABLISHED TO IDENTIFY AND ADAPT THE NEW ENERGY TECHNOLOGY MOST NEEDED IN EACH AREA. (EXPLAIN MORE.)

-- THE TRANSFER OF ENERGY TECHNOLOGY TO NEEDY COUNTRIES SHOULD BE ON THE AGENDA OF THE FORTHCOMING DIALOUGE BETWEEN CONSUMERS, PRODUCERS, AND DEVELOPING COUNTRIES. (NOTE TO ENDERS: IS THERE A DANGER THAT ALL OF THIS WILL SOUND TOO STATUS QUO WHEN WE ARE FINISHED?)

20. IF WE ARE TO POUR IN NEW FUNDS AND NEW TECHNOLOGY, AND IF PRIVATE SOURCES OF CAPITAL AND SKILLS ARE ESSENTIAL TO SUPPLEMENT OFFICIAL ASSISTANCE, THEN IT IS TIME TO ESTABLISH A STABLE AND ACCEPTED ENVIRONMENT FOR PRIVATE TRANSNATIONAL ENTERPRISES.

21. THE ROLE OF MULTINATIONAL ENTERPRISES IN THE EXPANSION OF THE GLOBAL ECONOMY IN THE LAST THIRTY YEARS IS UNMISTAKABLE, UNIQUE, AND IRREPLACEABLE. THEY HAVE PROVEN THEMSELVES A POWERFUL INSTRUMENT OF MODERNIZATION BOTH IN THE INDUSTRIAL NATIONS -- WHERE THEY CONDUCT MOST OF THEIR OPERATIONS -- AND IN THE DEVELOPING COUNTRIES, WHERE THERE IS OFTEN NO SUBSTITUTE FOR THEIR ABILITY TO MARSHAL CAPITAL, RESEARCH, NEW TECHNOLOGY, MANAGEMENT SKILLS, AND INITIATIVE. THUS THE CONTROVERSY OVER THEIR ROLE AND CONDUCT IS ITSELF AN OBSTACLE TO ECONOMIC DEVELOPMENT. IT IS TIME TO FACE UP TO THE PROBLEMS, REAL AND PERCEIVED, THAT HAVE DEVELOPED.

22. WILL WE SOLVE THESE PROBLEMS BY RHETORIC, OR BY RESPONDING TO REALITY? WILL WE SOLVE THEM BY IDEOLOGY AND DOCTRINE, OR BY RECOGNIZING THAT DENYING OR DESTROYING ONE OF THE WORLD'S PRINCIPAL SOURCES OF DEVELOPMENT CAPITAL IS ABSURDLY SELF-DEFEATING? IF THE WORLD COMMUNITY IS UNABLE TO ACHIEVE A CONSENSUS ON THE PROPER CONDITIONS OF CORPORATE ENTERPRISE, IT

IS NOT THE INDUSTRIALIZED COUNTRIES THAT WILL SUFFER MOST. LET US MAKE THIS ISSUE A TEST OF OUR CAPACITY TO ACCOMMODATE MUTUAL CONCERNS IN PRACITICAL AGREEMENT.

23. FOR OUR PART, THE UNITED STATES IS PREPARED TO

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

MEET THE PROPER CONCERNS OF GOVERNMENTS IN WHOSE TERRITORIES TRANSNATIONAL ENTERPRISES OPERATE. WE AFFIRM THAT COMPANIES MUST ACT IN FULL ACCORDANCE WITH THE SOVEREIGN RIGHTS, AND TAKE FULL ACCOUNT OF THE PUBLIC POLICY, OF HOST GOVERNMENTS. IT IS OBVIOUS THAT COUNTRIES ARE ENTITLED TO ENACT REGULATIONS GOVERNING THE OPERATIONS OF MULTNATIONAL ENTERPRISES WITHIN THEIR BORDERS.

24. FOR THEIR PART, GOVERNMENTS THAT WISH THE BENEFITS OF THESE ENTRPRISES MUST FOSTER THE CONDITIONS THAT ATTRACT AND MAINTAIN THEM.

25. THE UNITED STATES BELIEVES THAT THE TIME HAS COME FOR THE INTERNATIONAL COMMUNITY TO ARTICULATE STANDARDS OF CONDUCT FOR BOTH ENTERPRISES AND GOVERNMENTS.

THESE SHOULD APPLY TO TRANSNATIONAL ENTERPRISES IN THEIR RELATIONS WITH GOVERNMENTS, AND TO GOVERNMENTS IN THEIR RELATIONS WITH TRANSNATIONAL ENTERPRISES AND WITH OTHER GOVERNMENTS. THE UNITED STATES WILL WORK WITHIN THE U.N. COMMISSION ON TRANSNATIONAL ENTREPRISES AND OTHER INTERNATIONAL BODIES TO EXCHANGE INFORMATIIN AND TO HELP DEVELOP A BODY OF BALANCED PRINCIPLES TO GUIDE ENTERPRISES AND GOVERNMENTS IN THEIR MUTUAL RELATIONS.

IN OUR VIEW:

-- FIRST, A STATEMENT OF PRINCIPLES WHICH FAILS TO REFLECT FAIRLY THE INTERESTS OF ALL PARTIES -- HOST COUNTRIES, HOME COUNTRIES, AND ENTERPRISES -- WOULD EXACERBATE RATHER THAN MODERATE THE FRICTIONS WHICH HAVE POISONED THE ENVIRONMENT FOR INTERNATIONAL INVESTMENT. GUIDELINES MUST BE FOUNDED ON OBJECTIVE CONDITIONS, INTERNATIONAL LAW, AND THE PRINCIPLE OF COOPERATION -- OR ELSE THEY WILL NOT BE ACCEPTED.
CONFIDENTIAL

-- SPECIFICALLY, AGREED GUIDELINES OUGHT TO REQUIRE TRANSNATIONAL ENTERPRISES TO OBEY LOCAL LAW, TO REFRAIN FROM INTERVENING IN THE DOMESTIC AFFAIRS OF THE HOST STATE, TO TAKE ACCOUNT OF NATIONAL DEVELOPMENT PRIORITIES, TO RESPECT LOCAL CULTURE, AND TO EMPLOY QUALIFIED LOCAL PERSONNEL OR TO QUALIFY PERSONNEL THROUGH TRAINING. VENALITY AND CORRUPTION CAN NO LONGER BE TOLERATED -- BY THE HOST COUNTRY, BY THE ENTERPRISES THEMSELVES OR BY THE COUNTRY IN WHICH THE ENTERPRISES ARE BASED.

-- HOST COUNTRIES IN TURN OUGHT TO TREAT MULTINATIONAL COMPANIES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM, AND IN ACCORDANCE WITH INTERNATIONAL LAW. HOST

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

GOVERNMENTS AND COMPANIES EQUALLY SHOULD OBSERVE THE CONTRACTS INTO WHICH THEY FREELY ENTER. HOST GOVERNMENTS SHOULD CLEARLY SET FORTH THE DEVELOPMENT PRIORITIES AND STANDARDS WHICH MULTINATIONAL COMPANIES ARE EXPECTED TO MEET, AND MAINTAIN THEM WITH REASONABLE CONSISTENCY.

-- THE SAME PRINCIPLES OF CONDUCT SHOULD APPLY EQUALLY TO DOMESTIC ENTERPRISES THAT ARE SIMILARLY SITUATED. DISCRIMINATION IN FAVOR OF THE DOMESTIC COMPETITORS OF MULTINATIONAL COMPANIES IS NEITHER EQUITABLE NOR CONDUCIVE TO FOREIGN INVESTMENT. NOR CAN PRINCIPLES BE ADDRESSED ONLY TO PRIVATELY-OWNED MULTINATIONAL ENTERPRISE. STATE-OWNED AND MIXED MULTINATIONAL ENTERPRISES, WHICH ARE INCREASINGLY IMPORTANT IN THE WORLD ECONOMY, SHOULD BE HELD TO THE SAME STANDARDS AS THOSE THAT ARE PRIVATELY OWNED.

26. BUT A STATEMENT OF PRINCIPLES IS NOT THE ONLY, NOR NECESSARILY THE BEST, MEANS OF RESOLVING MANY OF THE PROBLEMS AFFECTING TRANSNATIONAL ENTERPRISES. THE UNITED STATES IS PREPARED FOR DISCUSSION OF OTHER PROPOSALS., FOR EXAMPLE:

-- THE PROVISION OF INSURANCE TO FOREIGN PRIVATE INVESTORS. OUR BILATERAL GOVERNMENT-TO-GOVERNMENT INSURANCE PROGRAM
CONFIDENTIAL

PAGE 10 STATE 202748

HAS WORKED WELL AND ENCOURAGED INVESTMENT. IT COULD BE MULTILATERALIZED TO INCLUDE FINANCIAL PARTICIPATION, HOWEVER MODEST, FROM DEVELOPING COUNTRIES, TO REFLECT OUR MUTUAL STAKE.

-- ARBITRATION PROCEDURES SHOULD BE FURTHER DEVELOPED. THE WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES, AND OTHER THIRD-PARTY FACILITIES, SHOULD BE STRENGTHENED.

-- FINALLY, INTERGOVERNMENTAL CONSULTATIONS SHOULD BE FURTHER DEVELOPED, BILATERALLY AND INTERNATIONALLY, TO IDENTIFY AND RESOLVE DISUPTES BEFORE THEY BECOME POLITICAL IRRITANTS.

27. THE INTERNATIONAL EFFORT FOR ECONOMIC DEVELOPMENT CANNOT AFFORD TO TREAT TRANSNATIONAL ENTERPRISES AS OBJECTS OF ECONOMIC WARFARE. THE UNITED STATES BELIEVES THAT JUST SOLUTIONS ARE ACHIEVABLE. THE CAPACITY OF NATIONS TO DEAL WITH THESE COMPLEX PROBLEMS CONSTRUCTIVELY WILL BE AN IMPORTANT TEST OF WHETHER THE SEARCH FOR COMMON SOLUTIONS OR THE CLASH OF IDEOLOGIES WILL DOMINATE OUR ECONOMIC FUTURE. TH IMPLICATIONS FOR ECONOMIC DEVELOPMENT ARE PROFOUND.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

NEWLIN UNQUOTE
INGERSOLL

CONFIDENTIAL

<< END OF DOCUMENT >>

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: Z
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CAT-A, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE202748
Document Source: ADS
Document Unique ID: 00
Drafter: IO:RCREIS
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: N750003-0499
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197508102/baaaatcp.tel
Line Count: 437
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN NODS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: NODIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUL 2003 by BoyleJA>; APPROVED <10 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: LOCK1
Status: NATIVE
Subject: n/a
TAGS: PFOR, ENRG, UNGA, (KISSINGER, HENRY A)
To: USUN N Y
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006